



BEFORE THE POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Annual Compliance Report, 2015
Docket No. ACR2015

COMMENTS ON ANNUAL COMPLIANCE REPORT

February 1, 2016

On January 6, 2016, the Commission solicited public comments on the Postal Service's Annual Compliance Report.

In response to the materials provided by the United States Postal Service (USPS) in the agency's Annual Compliance Report for Fiscal Year 2015 ("FY 2015 ACR"), the Taxpayers Protection Alliance (TPA), hereby submits the following comment and recent opinion piece to respectfully request that the Postal Regulatory Commission (the Commission) seriously consider the impact that the following issues are having on the overall performance and ability to satisfy USPS's core mission and responsibilities.

The lack of leadership is most notable in the continued absence of a complete Board of Governors. To ensure more accountability and better oversight, the Board of Governors should include individuals who will bring real focus to the problems that continue to plague the agency. But leadership and accountability must go beyond the Board of Governors. The management within the agency, the newly appointed Inspector General, and the Postal Regulatory Commission all have a role to play and should step up their efforts on reform, oversight, and accountability.

A key component of strengthening the USPS should include a focus on regaining a credible standard of service that includes more competent and accurate results in delivering the mail, the original mission of the USPS.

Finally, the USPS should put an end to fruitless and failed endeavors by the agency to provide new services that diverge from the core mission of delivering mail. Whether it is grocery delivery, banking, or other non-related ventures, inserting the USPS into competition with services already adequately provided by the private sector is a waste of time and resources.

In addition, TPA would also like to submit the following opinion piece recently published in *Morning Consult*. The announcement last November of a \$5.1 billion loss for the USPS was indicative of the continued failures to make the necessary reforms that could finally put the agency on the right track.

U.S. Postal Service Needs Principled and Accountable Oversight
DAVID WILLIAMS | DECEMBER 17, 2015 | MORNING CONSULT

<https://morningconsult.com/opinions/u-s-postal-service-needs-principled-and-accountable-oversight/>

With more than \$52 billion in mounting financial debt since 2007, a number of services that fail to cover product costs and service standards in rapid decline, the United States Postal Service (USPS) is in trouble and the future of dependable mail delivery is in jeopardy.

What is needed most from USPS is better financial management of overall postal operations and management accountability for the declining service of their core mission of letter mail delivery, a clear misguided business plan and financial mismanagement leading to their mounting debt.

Outside of government, a Board of Directors would be held accountable if they were delivering zero value to shareholders and running mounting deficits year after year. The body that plays this role for USPS is the Board of Governors.

Of the nine appointees to the Board of Governors, there are currently six vacancies. This provides a real opportunity for policymakers to appoint new leaders with fresh ideas who are not afraid to get USPS back on a path towards solid financial footing and providing each American with reliable mail service.

Because the U.S. Postal Service had a \$67.8 billion annual operating budget during the last fiscal year, they are only second to Wal-Mart in total employees, second to McDonald's in total real estate. This is why they need a Board that provides strategic direction and maintains financial accountability.

In 2006, Congress passed a law called the Postal Accountability Enhancement Act (PAEA) with the intent of reforming the USPS in a number of ways. One thing this law did was create more specified qualifications for the Board of Governors saying, "the Board of Governors shall represent the public interest generally, and shall be chosen solely on the basis of their experience... on their demonstrated ability in managing organizations or corporations."

Similar to any other hiring process, we have laid out five principles or qualifications that every member of the Board of Governors should personify to ensure a heightened level of management and accountability:

- *Have executive experience overseeing a similar private or public entity.*
- *Possess knowledge of Postal Service and its functions, as well as the larger logistics industry and landscape – including regulatory policies – in the United States.*
- *Keep an unrelenting commitment to fiduciary responsibility, maintaining direct and deep control of the Postal Service's revenues and liabilities.*
- *Stress accountability to customers, taxpayers and shareholders.*

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- *Understand and protect the core mission of letter delivery at an affordable rate.*

Of the 10 current members and nominees, three meet the overall intent of our principles, one is strictly a public servant with no real world business management experience, two are political appointees and four may have fit into one of these categories, but more importantly, have served on the Board of Governors, overseeing, the U.S. Postal Service's financial demise.

Ellen Williams (current member) and Stephen Crawford (nominee), judging by their experience, are nothing more than just political appointees, while Deputy Postmaster General Ronald Stroman does not seem to have any experience outside of public service. None of these individuals has the principles stated to be effective members of the Board of Governors.

Postmaster General Megan Brennan, current Chair of the USPS Board of Governors James Bilbray, and former members Mickey Barnett and Jim Miller all have some positive attributes; however, they have each served in key roles on the Board of Governors, overseeing the USPS's downward financial spiral.

Current member Louis Giuliano has executive experience and currently advises the Carlyle Group in a number of investment sectors. David Michael Bennett is currently a nominee and has spent his career working for BAE Systems, overseeing business sectors like contracts, procurement, pricing and facilities. And David Shapira, a current nominee, is the Executive Chairman of Giant Eagle Inc., a supermarket company with over 400 locations. Each meet the stated principles and should receive support to serve on the U.S. Postal Service Board of Governors.

Thank you for this opportunity to submit these comments and this opinion piece and please feel free to contact us with any questions or concerns.

Regards,

A handwritten signature in blue ink, appearing to read "David Williams", written over a light blue horizontal line.

David Williams
President